



Volume 1, Number 10

March 27, 2007

AS AT JANUARY 31, 2007

January 2007 highlights

- ❑ For January 2007, the consolidated budgetary balance for the purposes of the *Balanced Budget Act* shows a surplus of \$739 million. For the same period last year, revenue exceeded expenditure by \$498 million.
- ❑ The Generations Fund began operating in January, with revenues totalling \$23 million. Including the additional deposit of \$500 million made¹ in February, the revenues of the Generations Fund for the year as a whole should amount to \$575 million.
- ❑ Budgetary revenue amounted to \$5.1 billion, an increase of \$515 million compared to last year.
- ❑ Program spending was up by \$245 million compared to last year, and stood at \$3.8 billion.
- ❑ Debt service amounted to \$581 million, up \$12 million compared to January 2006.

SUMMARY OF CONSOLIDATED BUDGETARY TRANSACTIONS
(millions of dollars) (Unaudited data)

	January		April to January		February 2007 Budget	
	2006 ¹	2007	2005-2006 ¹	2006-2007	2006-2007	Growth %
BUDGETARY REVENUE						
Own-source revenue	3 821	4 211	36 992	39 826	48 533	6.1
Federal transfers	806	931	8 110	9 131	10 956	9.9
Total	4 627	5 142	45 102	48 957	59 489	6.8
BUDGETARY EXPENDITURE						
Program spending	- 3 587	- 3 832	- 40 851	- 42 815	- 51 519	4.6
Debt service	- 569	- 581	- 5 723	- 5 743	- 6 990	1.7
Total	- 4 156	- 4 413	- 46 574	- 48 558	- 58 509	4.3
NET RESULTS OF CONSOLIDATED ORGANIZATIONS	27	10	413	194	37	—
Deposit in the Generations Fund	—	—	—	—	- 500	—
Allocation to the budgetary reserve	—	—	—	—	- 500 ²	—
CONSOLIDATED BUDGETARY BALANCE FOR THE PURPOSES OF THE BALANCED BUDGET ACT	498	739	- 1 059	593	17	—
Net results of the Generations Fund ³	—	23	—	23	575	—
CONSOLIDATED BUDGETARY BALANCE	498	762	- 1 059	616	592	—

¹ Monthly allocation of financial transactions based on best available data and estimates.

² The allocation to the budgetary reserve will be made in the March 2007 monthly report.

³ The Generations Fund began operations on January 1, 2007.

¹ The payment was made on February 15, 2007. This transaction will accordingly be recorded in the February 2007 results.

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MONTHLY REPORT ON FINANCIAL TRANSACTIONS

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January 2007 highlights

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- ❑ The Generations Fund began operating in January, with revenues totalling \$23 million. Including the additional deposit of \$500 million made¹ in February, the revenues of the Generations Fund for the year as a whole should amount to \$575 million.
- ❑ Budgetary revenue amounted to \$5.1 billion, an increase of \$515 million compared to last year.
- ❑ Program spending was up by \$245 million compared to last year, and stood at \$3.8 billion.
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SUMMARY OF CONSOLIDATED BUDGETARY TRANSACTIONS

(millions of dollars)

(Unaudited data)

	January		April to January		February 2007 Budget	
	2006 ¹	2007	2005-2006 ²	2006-2007	2006-2007	Growth %
BUDGETARY REVENUE						
Own-source revenue	3 821	4 211	36 992	39 826	48 533	8.1
Federal transfers	806	931	8 110	9 131	10 650	9.9
Total	4 627	5 142	45 102	48 957	59 489	6.8
BUDGETARY EXPENDITURE						
Program spending	- 3 587	- 3 832	- 40 851	- 42 815	- 51 519	4.6
Debt service	- 569	- 581	- 5 723	- 5 743	- 6 990	1.7
Total	- 4 156	- 4 413	- 46 574	- 48 558	- 58 509	4.3
NET RESULTS OF CONSOLIDATED ORGANIZATIONS	27	10	413	194	37	—
Deposit in the Generations Fund	—	—	—	—	- 500	—
Allocation to the budgetary reserve	—	—	—	—	- 500 ³	—
CONSOLIDATED BUDGETARY BALANCE FOR THE PURPOSES OF THE <i>BALANCED BUDGET ACT</i>	498	739	- 1 059	593	17	—
Net results of the Generations Fund ³	—	23	—	23	575	—
CONSOLIDATED BUDGETARY BALANCE	498	762	- 1 059	616	592	—

¹ Monthly allocation of financial transactions based on best available data and estimates.² The allocation to the budgetary reserve will be made in the March 2007 monthly report.³ The Generations Fund began operations on January 1, 2007.¹ The payment was made on February 15, 2007. This transaction will accordingly be recorded in the February 2007 results.



Cumulative results as at January 31, 2007

Budgetary balance

- ❑ As at January 31, 2007, the consolidated budgetary balance for the purposes of the *Balanced Budget Act* shows revenue exceeding expenditure by \$593 million.
- ❑ This is an improvement of \$1.7 billion compared to the results for the same period last year.
 - This improvement reflects, in particular, Hydro-Québec's additional earnings, including more than \$900 million from asset sales, chiefly the sale of its interest in Transelec Chile.

Budgetary revenue

- ❑ Budgetary revenue since the beginning of the year amounts to \$49.0 billion, an increase of \$3.9 billion compared to last year.
- ❑ Own-source revenue stands at \$39.8 billion, an increase of \$2.8 billion. Apart from Hydro-Québec's financial results, this improvement stems from increased revenue from personal income tax.
- ❑ Federal transfers amount to \$9.1 billion for the first ten months of the current fiscal year, an increase of 12.6% over the same period in 2005-2006.

Budgetary expenditure

- ❑ As at January 31, 2007, budgetary expenditure totals \$48.6 billion.
- ❑ Program spending is up by \$2.0 billion (4.8%) compared to the same period last year. The most significant changes are in the health (\$1.1 billion) and education (\$551 million) sectors.
- ❑ Debt service amounts to \$5.7 billion, comparable to last year's amount.

Net financial requirements

- ❑ Despite the improvement of \$1.7 billion in the budgetary balance, net financial requirements are comparable to last year's level. This is attributable, in particular, to the fact that Hydro-Québec will pay its dividend to the government later in the fiscal year.

MONTHLY REPORT ON FINANCIAL TRANSACTIONS

CONSOLIDATED BUDGETARY AND FINANCIAL TRANSACTIONS

	January			April to January		
	2006 ¹	2007	Changes	2005-2006 ¹	2006-2007	Changes
BUDGETARY REVENUE						
Own-source revenue	3 821	4 211	390	36 992	39 826	2 834
Federal transfers	806	931	125	8 110	9 131	1 021
Total	4 627	5 142	515	45 102	48 957	3 855
BUDGETARY EXPENDITURE						
Program spending	- 3 587	- 3 832	- 245	- 40 851	- 42 815	- 1 964
Debt service	- 569	- 581	- 12	- 5 723	- 5 743	- 20
Total	- 4 156	- 4 413	- 257	- 46 574	- 48 558	- 1 984
NET RESULTS OF CONSOLIDATED ORGANIZATIONS						
	27	10	- 17	413	194	- 219
CONSOLIDATED BUDGETARY BALANCE FOR THE PURPOSES OF THE BALANCED BUDGET ACT						
	498	739	241	- 1 059	593	1 652
Net results of the Generations Fund ²	—	23	23	—	23	23
CONSOLIDATED BUDGETARY BALANCE	498	762	264	- 1 059	616	1 675
Consolidated non-budgetary surplus (requirements)	1 271	1 115	- 156	- 1 759	- 3 437	- 1 678
CONSOLIDATED NET FINANCIAL SURPLUS (REQUIREMENTS)	1 769	1 877	108	- 2 818	- 2 821	- 3

¹ Monthly allocation of financial transactions based on best available data and estimates.



MONTHLY REPORT ON FINANCIAL TRANSACTIONS

Cumulative results as at January 31, 2007

Budgetary balance

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MONTHLY REPORT ON FINANCIAL TRANSACTIONS

CONSOLIDATED BUDGETARY AND FINANCIAL TRANSACTIONS

(millions of dollars)

(Unaudited data)

	January			April to January		
	2006 ¹	2007	Changes	2005-2006 ¹	2006-2007	Changes
BUDGETARY REVENUE						
Own-source revenue	3 821	4 211	390	36 992	39 826	2 834
Federal transfers	806	931	125	8 110	9 131	1 021
Total	4 627	5 142	515	45 102	48 957	3 855
BUDGETARY EXPENDITURE						
Program spending	3 587	3 832	245	40 851	42 815	1 964
Debt service	569	581	12	5 723	5 743	20
Total	4 156	4 413	257	46 574	48 558	1 984
NET RESULTS OF CONSOLIDATED ORGANIZATIONS	27	10	-17	413	194	-219
CONSOLIDATED BUDGETARY BALANCE FOR THE PURPOSES OF THE BALANCED BUDGET ACT	498	739	241	-1 059	593	1 652
Net results of the Generations Fund ²	—	23	23	—	23	23
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¹ Monthly allocation of financial transactions based on best available data and estimates.

MONTHLY REPORT ON FINANCIAL TRANSACTIONS

CONSOLIDATED REVENUE FUND REVENUE (in millions of dollars)

	January			April to January		
			Changes			Changes
Revenue by source	2006	2007	%	2005-2006	2006-2007	%
BUDGETARY REVENUE						
Own-source revenue excluding government enterprises						
Income and property taxes						
Personal income tax	1 352	1 651	22.1	13 458	14 803	10.0
Contributions to Health Services Fund	502	418	- 18.7	4 244	4 226	- 0.4
Corporate taxes	394	415	5.3	3 318	3 269	- 1.5
Consumption taxes	779	825	5.9	10 474	10 698	2.1
Other sources	205	245	19.5	1 940	1 944	0.2
Total	3 232	3 554	10.0	33 434	34 942	4.5
Revenue from government enterprises	589	657	11.5	3 558	4 884	37.3
Total own-source revenue	3 821	4 211	10.2	36 992	39 826	7.7
Federal transfers						
Equalization	399	467	17.0	3 998	4 606	15.2
Health transfers	255	311	22.0	2 570	3 011	17.2
Transfers for post-secondary education and other social programs	79	94	19.0	810	873	7.8
Other programs	73	59	- 19.2	732	641	- 12.4
Total federal transfers	806	931	15.5	8 110	9 131	12.6
TOTAL BUDGETARY REVENUE	4 627	5 142	11.1	45 102	48 957	8.5

CONSOLIDATED REVENUE FUND EXPENDITURE (in millions of dollars) (Unaudited data)

Expenditures by mission	January			April to January		
	2006	2007	Changes %	2005-2006	2006-2007	Changes %
BUDGETARY EXPENDITURE						
Program spending						
Health and Social Services	1 603	1 721	7.4	17 413	18 490	6.2
Education and Culture	909	986	8.5	11 023	11 574	5.0
Economy and Environment	366	373	1.9	4 702	4 831	2.7
Support for Individuals and Families	408	449	10.0	4 225	4 302	1.8
Administration and Justice	301	303	0.7	3 488	3 618	3.7
Total program spending	3 587	3 832	6.8	40 851	42 815	4.8
Debt service	569	581	2.1	5 723	5 743	0.3
TOTAL BUDGETARY EXPENDITURE	4 156	4 413	6.2	46 574	48 558	4.3

For technical information concerning this monthly report, please contact Mario Albert at (418) 691-2225.
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MONTHLY REPORT ON FINANCIAL TRANSACTIONS

CONSOLIDATED REVENUE FUND REVENUE (millions of dollars)

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	2006	2007	Changes	2005-2006	2006-2007	Changes
			%			%
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			%			%
BUDGETARY EXPENDITURE						
Program spending						
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Education and Culture	909	986	8.5	11 925	11 574	5.6
Economy and Environment	396	373	4.9	4 702	4 831	2.7
Support for Individuals and Families	405	443	10.2	4 225	4 302	1.8
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